

AMENDED IN ASSEMBLY APRIL 20, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1645

Introduced by Assembly Member Nestande
(Principal coauthor: Assembly Member Arambula)
(Coauthor: Assembly Member Harkey)

January 12, 2010

An act to ~~amend Section 13337 of~~ *add Section 13305.5 to the* Government Code, relating to state fiscal affairs.

LEGISLATIVE COUNSEL'S DIGEST

AB 1645, as amended, Nestande. ~~State Budget: key liabilities. General Fund liabilities: report.~~

Existing law requires the Director of Finance to provide various reports to the Legislature regarding specified fiscal matters.

This bill would require the director, on February 1 of each year, to submit a written report to the Chairperson of the Joint Legislative Budget Committee containing certain information and recommendations regarding General Fund obligations and liabilities.

~~Under existing law, various duties and responsibilities are imposed upon the Governor and the Department of Finance in connection with the preparation and submission of the annual State Budget to the Legislature at each regular session thereof, including, among other things, the requirement to include a complete plan of all proposed expenditures and estimated revenues for the ensuing fiscal year.~~

~~This bill additionally would require the Governor, or the Department of Finance acting on his or her behalf, at the same time as the Governor's Budget is submitted to the Legislature, to submit a report to the Legislature, setting forth a list of the state's key liabilities, in the nature~~

of debt, deferred payments, and other liabilities that will affect the state's financial health in the future. The bill would direct that the report include a discussion of budget-related, infrastructure-related, and retirement-related liabilities, as well as recommendations for the retirement of those liabilities.

The bill also would require the Governor's Budget to include a section that specifies the percentages and amounts of General Fund revenues that must be set aside and applied toward retiring key liabilities in accordance with the recommendations contained in the report. The bill further would restrict the Governor from including in the budget as estimated revenues those revenues estimated to be generated from laws, programs, or executive actions not in effect or effectuated at the time the budget is submitted to the Legislature.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 13305.5 is added to the Government Code,
2 to read:
3 13305.5. On February 1 of each year, the Director of Finance
4 shall submit a written report to the Chairperson of the Joint
5 Legislative Budget Committee containing all of the following:
6 (a) A list of loans made to the General Fund and a summary of
7 each loan, including its balance and the due date for repayment
8 of the loan.
9 (b) A list of General Fund obligations to pay deferred or
10 suspended expenditures or to transfer funds to any special fund
11 or account, and a summary of each obligation, including the
12 amount of the obligation and the due date for the payment or
13 transfer.
14 (c) A list and summary of the state's key liabilities relating to
15 debt, infrastructure, retirement, and the budget, and other liabilities
16 that will affect the state's financial health in the future.
17 (d) Recommendations for potential methods of retiring the
18 liabilities and obligations listed in the report.
19 SECTION 1. ~~Section 13337 of the Government Code is~~
20 ~~amended to read:~~
21 13337. (a) (1) The budget required by the California
22 Constitution to be submitted by the Governor at each regular

1 session of the Legislature shall be submitted within the first 10
2 days thereof and shall contain a complete plan and itemized
3 statement of all proposed expenditures of the state provided by
4 existing law or recommended by him or her, and all of its
5 institutions, departments, boards, bureaus, commissions, officers,
6 employees, and other agencies, and of all estimated revenues, for
7 the ensuing fiscal year, together with a comparison, as to each item
8 of revenues and expenditures, with the actual revenues and
9 expenditures for the last completed fiscal year, the estimated
10 revenues, and expenditures for the existing fiscal year and the
11 budgeted revenue and expenditures for the next fiscal year.

12 (2) Estimated revenues, for purposes of paragraph (1), shall not
13 include revenues estimated to be generated from laws, programs,
14 or executive actions not in effect or effectuated at the time the
15 budget is submitted to the Legislature.

16 (b) The budget shall include the following:

17 (1) In accordance with Chapter 2 (commencing with Section
18 41200) of Part 24 of Division 3 of Title 2 of the Education Code,
19 a section that specifies the percentages and amounts of General
20 Fund revenues that must be set aside and applied for the support
21 of school districts, as defined in Section 41302.5 of the Education
22 Code, and community college districts, as required by subdivision
23 (b) of Section 8 of Article XVI of the California Constitution.

24 (2) A section that specifies the percentages and amounts of
25 General Fund revenues that must be set aside and applied toward
26 retiring key liabilities in accordance with the recommendations
27 contained in the report set forth in paragraph (2) of subdivision
28 (i).

29 (e) The Governor, or the Department of Finance acting on his
30 or her behalf, shall make appropriate changes in the budget request
31 to reflect any modification in the organization or functions of state
32 government proposed under Article 7.5 (commencing with Section
33 12080) of Chapter 1 of Part 2 prior to the passage of the budget.

34 (d) The Governor's Budget shall be prepared in accordance with
35 guidelines and instructions adopted by the Department of Finance.

36 (e) In order to provide meaningful comparisons, the Governor's
37 Budget shall be prepared in such a manner that the information
38 presented provides for such comparisons between the fiscal years.

39 (f) The Department of Finance shall submit to the committee
40 in each house which considers appropriations and to the Joint

1 Legislative Budget Committee copies of budget material submitted
2 to it by agencies pursuant to the provisions of Article 2
3 (commencing with Section 13320).

4 (g) The Governor's Budget shall also include a coding structure
5 which indicates for each budget entity the categorization of
6 expenditures and revenues.

7 (h) Prior to the submission of the Governor's Budget to the
8 Legislature, the Department of Finance may conduct public
9 hearings regarding any portion of any budget.

10 (i) The Governor, or the Department of Finance acting on his
11 or her behalf, shall, at the same time the Governor's Budget is
12 submitted to the Legislature, submit the following to the
13 Legislature:

14 (1) Copies of the material for the purposes of subdivision (j):

15 (2) A report setting forth a list of the state's key liabilities, in
16 the nature of debt, deferred payments, and other liabilities that will
17 affect the state's financial health in the future. The report shall
18 include a discussion of budget-related liabilities,
19 infrastructure-related liabilities, and retirement-related liabilities,
20 as well as recommendations for the retirement of those liabilities.

21 (j) The Department of Finance shall develop a fiscal information
22 system which will provide timely and uniform fiscal data needed
23 to formulate and monitor the budget, including, but not limited to,
24 online inquiry capacity and the ability to simulate budget
25 expenditures and forecast revenues. This system may include,
26 among other things, data on encumbrances and expenditures by
27 line item, governmental unit, and fund source. The system shall
28 also include expenditures and encumbrances by program, as
29 required. This system shall also include a coding structure which
30 indicates the categorization of expenditures and revenues. This
31 system and the data shall be available to both the legislative and
32 executive branches. The system may contain separate programs
33 accessible by only one branch, designed to provide for distinct
34 application of the data, but the basic system data shall be available
35 on an equal basis to both the legislative and executive branches of
36 government.